

EXHIBIT 1
DATE 2-16-2011
HB 439



MEMORANDUM

TO: Bill Johnston
FROM: Mae Nan Ellingson
DATE: February 16, 2011
RE: HB 439

We are familiar with House Bill 439 (the "Act"), and are comfortable that it is drafted to enable the issuance of general obligation bonds of the State of Montana (the "State") to finance the costs of the projects identified in the Act, so long as it is approved by the requisite vote of both houses of the Legislature. Relative to other types of bonds, general obligation bonds are customarily highly marketable because a bond purchaser views them as having a high credit and low risk, and thus they bear the lowest rate of interest of any type of bonds of the State.

In addition, the State, through prudent fiscal management, has an enviable credit rating: it is rated Aa1 by Moody's, AA by Standard & Poor's, and AA+ by Fitch Ratings. A recent report published by Moody's based on 2009 data provides that Montana is ranked 43rd in the nation on a per capita basis in terms of net tax-supported debt. For the foregoing reasons, we would expect that general obligation bonds of the State issued pursuant to the Act would be well received by the market and would bear a favorable interest rate relative to other types of debt.